



# Pennsylvania Tax Update

www.revenue.state.pa.us

## GOVERNOR RENDELL CONGRATULATES HOUSE OF REPRESENTATIVES FOR BIPARTISAN COMPROMISE ON MAJOR PIECES OF THE PLAN FOR A NEW PENNSYLVANIA

Governor Edward G. Rendell applauded the House of Representatives for taking important steps toward completing the state budget by fully funding Pennsylvania schools, and for fashioning a bipartisan compromise that has now been sent to the State Senate for approval.

House Bill 113, which was passed in the morning of October 21, will enable a significant new investment in Pennsylvania's public education system totaling more than \$450 million. The package represents a down payment of \$250 million on proven programs that will increase achievement statewide including early childhood education, smaller class sizes and tutoring. It would also boost basic education subsidies to the state's 501 school districts by an average of 3 percent and special education funding by 4.5 percent.

The property tax package in House Bill 113 represents a historic compromise that combines the principles that the Governor championed in his *Plan for a New Pennsylvania*, and the strongest attributes of the Senate's alternative plan. Combining this property tax relief with \$450 million in new education funding will increase the state share of school funding to 44 percent, helping to ease the local burden on the taxpayers. With Senate approval and the passage of gaming legislation that could generate \$1 billion, Pennsylvanians will see property taxes reduced on average 23 percent across the Commonwealth. "When imple-

mented, this bill will represent the largest local tax reduction in modern history," said Governor Rendell.

With the support of both parties and the administration, the House passed H.B. 1589 to restore some of the cuts contained in the budget approved in March. The General Appropriations Bill, H.B. 1589, is currently in the Senate. House Bill 200 contains provisions to raise revenues through changes to the tax law. Key features in this House legislation package are:

- An increase in the Personal Income Tax. The tax would rise to 3.25 percent on January 1, 2004 and then roll back to a permanent 3.1 percent on July 1, which is the beginning of the fiscal year.
- An increase in the Tax Forgiveness credit for dependents to \$9,500 from \$9,000 beginning in tax year 2004.
- An increase in the Research and Development Tax Credit to \$30 million a year from \$15 million and allows businesses to buy and sell the credits.
- A modernization of the Gross Receipts Tax (GRT) to recognize the many changes in the telecommunications industry that will go into effect if the Governor certifies that the balance in the Rainy Day Fund is less than \$500,000 and the revenue is needed to fulfill the constitutional requirement to fund education. The provisions will update the GRT to

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### ATTENTION: REGISTERED E-TIDES TAXPAYERS NOTIFICATION

In the last issue of the PA Tax Update, the Department of Revenue announced that it was going to discontinue mailing Sales and Use Tax and Employer Withholding Tax coupon booklets beginning in tax year 2004. In early October, registered e-TIDES Sales and Use and Employer Withholding taxpayers who filed and paid this past year using their account were notified via e-mail. The Department sent a letter to notify registered users who did not use their e-TIDES account to file in the past year, as well as to taxpayers with undeliverable e-mail addresses.

If a taxpayer finds it necessary to file using paper, individual forms can be accessed through the Department's Web site at [www.revenue.state.pa.us](http://www.revenue.state.pa.us), by clicking on the "Forms and Publications" link located on the navigation bar or by calling the 24-hour Forms Ordering Message Service at 1-800-362-2050. Questions can be referred to the Department's Online Customer Service Center at [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

In 2004, taxpayers using e-TIDES to file returns and payments will have the option to receive e-mail reminders of upcoming tax due dates for any or all tax types. This new feature will be added to the "Tax Functions" section of the e-TIDES navigation bar.

**Fast Fact:**  
The Online Customer Service Center responded to 2 million inquiries in the first 6 months of this year.

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OF REVENUE

GREGORY C. FAJT

SECRETARY OF REVENUE

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GOVERNOR RENDELL CONGRATULATES HOUSE OF REPRESENTATIVES FOR BIPARTISAN COMPROMISE *Continued from page 1*

capture interstate calls (currently this tax only includes intra-state calls); level the playing field between landline and cellular telecommunications industries by imposing the GRT on cellular phone service (currently the GRT is only on landline phone service); and extend the Sales Tax exemption for the purchase of equipment used by cellular service providers (currently landline telecommunications have the exemption).

- A delay of the Capital Stock and Foreign Franchise Tax rate reduction for one year by modifying the tax rate to 7.24 mills for 2003 and 6.99 mills for 2004. The CSFT would continue to be phased out at a one-mill reduction until it is completely eliminated in 2010.
- A requirement that certain Commonwealth agencies obtain a tax clearance from the Department of Revenue before issuing or renewing business licenses, permits or registrations. Currently, with the exception of liquor licenses and Commonwealth contracts, these licenses

and permits are issued without regard to tax delinquencies.

- It provides limited authority to Department of Revenue enforcement agents to issue citations to those operating without a valid Sales Tax license.
- It authorizes the Department to require an employer to withhold wages of an employee for taxes owed to the Department. The proposal includes a 10 percent limit to the amount that can be withheld from a taxpayer's earnings at one time.

This legislative package is an important first step and was approved by a bipartisan coalition. The Governor thanked both Democratic and Republican leaders alike for coming to such an historic compromise, avoiding the pitfalls of partisan politics for the good of the Commonwealth, and looks forward to working with Senators of both parties to win final approval of these measures.

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PENNSYLVANIA DEPARTMENT OF REVENUE (DOR)

### 2003 FALL TAX SEMINAR AGENDA

TIME	TOPIC	PRESENTER
8:30 - 8:45 AM	<b>INTRODUCTION</b>	
8:45 - 10:00 AM	<b>PERSONAL INCOME TAX</b> • Changes to PIT Forms and Instructions • PA PIT Guide • Legislative Changes and "New" PA PIT and IRS Code Differences	<i>Thomas A. Frascella, Jr. (DOR)</i>
10:00 - 10:15 AM	<b>BREAK</b>	
10:15 - 11:00 AM	<b>REVENUE WEB SITE SERVICES &amp; BUSINESS TAX ELECTRONIC FILING PROGRAMS</b>	<i>Debbie L. Wise, Tom VanKirk (DOR)</i>
11:00 - 11:45 AM	<b>DEPARTMENT OF LABOR AND INDUSTRY</b> • Unemployment Compensation Tax Matters Update	<i>John Grady, Timothy McGarvey, Jim Diffendal (L &amp; I)</i>
11:45 - NOON	<b>QUESTIONS AND ANSWERS</b>	
Noon - 1:00 PM	<b>LUNCH</b>	
1:00 - 2:00 PM	<b>SALES AND USE TAX</b> • Taxable Services • Nexus and Internet Sales • Definition of "Purchase Price" • Legislative Changes and Recent Court Decisions	<i>Kenneth Perry, CPA, Martin Smith, CPA, Karen Shaw (DOR)</i>

TIME	TOPIC	PRESENTER
2:00 - 2:45 PM	<b>CORPORATION TAXES</b> • Decoupling – Adjustment to Federal Taxable Income associated with Federal Bonus Depreciation • Qualified Subchapter S Subsidiaries – Election Process and Filing of Reports • Estimated Settlements • Legislative Changes	<i>Jeffrey A. Creveling, Joseph Clover, Cathy Benson (DOR)</i>
2:45 - 3:00 PM	<b>BREAK</b>	
3:00 - 4:00 PM	<b>INHERITANCE TAX AND ESTATE TAX</b> • Changes to PA Inheritance Tax Law • Discussion of tax rates, taxable assets and allowable deductions • Common mistakes in the filing and administration of an estate • Filing of protests or appeals	<i>Shawn E. Young (DOR)</i>
4:00 - 4:30 PM	<b>QUESTIONS AND ANSWERS</b>	

*In compliance with the Americans with Disabilities Act, the Department will make every effort to provide an alternative format to persons with disabilities.*

### 2003 FALL TAX SEMINAR SCHEDULE

SPONSOR	DAY	DATE	CONTACT PERSON	CONFERENCE LOCATION
<b>Harrisburg Area Community College</b> 3300 Cameron Street Road Harrisburg, PA 17110	<b>Wednesday</b>	<b>11-05-2003</b>	<b>David Root</b> (717) 780-2561	<b>Rose Lehrman Art Center</b> Harrisburg Area Community College 1 HACC Drive Harrisburg, PA 17110-2999
<b>Penn State University</b> Ogontz Campus 1600 Wood Land Road Abington, PA 19001	<b>Wednesday</b>	<b>11-12-2003</b>	<b>Theresa Bloom</b> (215) 881-7402	<b>Holiday Inn</b> 432 Pennsylvania Ave. Fort Washington, PA 19034-3458
<b>Neumann College</b> Continuing Education Dept. 1 Neumann Drive Aston, PA 19014-1298	<b>Thursday</b>	<b>11-20-2003</b>	<b>Lois Ritacco</b> (610) 558-5629	<b>Neumann College</b> Life Conference Center Aston, PA 19014-1297

Reflecting recent personnel changes within the Department of Revenue,  
for your convenience, the following is list of key bureaus, personnel and phone numbers.

## REVENUE DEPARTMENT KEY PERSONNEL & PHONE NUMBERS

<b>Secretary of Revenue</b>	<b>Gregory C. Fajt</b> . . . . .	<b>717-783-3680</b>
Executive Deputy Secretary	Eileen H. McNulty . . . . .	717-783-3689
Chief Counsel	Christopher Zettlemyer . . . . .	717-787-1382
Communications Office	Steven Kniley . . . . .	717-787-6960
Legislative Liaison Office	Lauren Zaccarelli . . . . .	717-787-1007
Lottery	Edward Mahlman . . . . .	717-986-4759
Policy Director	James DeBord . . . . .	717-772-1732
Taxpayer Advocate	Kelvin Bailey . . . . .	717-772-9347
<b>Deputy Secretary Information Technology</b>	<b>Curt Haines</b> . . . . .	<b>717-772-1731</b>
KITS Management	Eric Whitman . . . . .	717-783-6650
Office of e-Commerce	Michael Miller . . . . .	717-772-9293
Information Systems	Tim Bomberger, Acting . . . . .	717-787-2300
Imaging & Document Management	Ernest E. Fanella . . . . .	717-787-8117
<b>Deputy Secretary Taxation</b>	<b>Joseph Breen, Acting</b> . . . . .	<b>717-783-3689</b>
Business Trust Fund Taxes	Allen Cwalina . . . . .	717-783-5470
Corporation Taxes	Michael Kane . . . . .	717-787-8211
Individual Taxes	Judy Rohrer . . . . .	717-787-8346
Taxpayer Service & Information Center	Frank Fleishman . . . . .	717-705-3114
Motor Fuel Taxes	Earl Crago, III . . . . .	717-783-9191
<b>Deputy Secretary Administration</b>	<b>Barry Drew</b> . . . . .	<b>717-783-3691</b>
Equal Opportunity Officer	Geraldine St. Jean . . . . .	717-772-1537
Administrative Services	Thomas McCormack, Jr. . . . .	717-787-8293
Fiscal Management	Stacie Amsler . . . . .	717-787-6737
Human Resources	James Honchar . . . . .	717-787-5941
<b>Deputy Secretary Compliance &amp; Collections</b>	<b>Robert Coyne</b> . . . . .	<b>717-783-3690</b>
Collections & Taxpayer Services	Michael Cibroski . . . . .	717-787-6611
Compliance	Keith Richardson . . . . .	717-787-3847
Criminal Tax Investigations	Anthony Beccone . . . . .	717-783-9685
Pass Through Business Unit	Dorothy Totten . . . . .	717-346-0018
<b>Deputy Secretary Tax Policy</b>	<b>C. Daniel Hassell</b> . . . . .	<b>717-787-4099</b>
Board of Appeals	Gerard Sallavanti . . . . .	717-783-3685
Audits	John May . . . . .	717-783-1731
Research	Brenda Stoner . . . . .	717-787-6300

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### DEPARTMENT PARTICIPATES IN IRS E-FILE SEMINARS

The Department of Revenue will participate in upcoming e-file seminars sponsored by the PA Society of Enrolled Agents and the Internal Revenue Service. The seminars are:

- Open to all tax preparers at no cost.
- Open to current e-file providers and those interested in enrolling in the program. For new enrollees, application forms and fingerprinting services will be available.
- CPA's and Enrolled Agents will receive 3 CPE credits.

**November 10, 2003 – Wilkes University at the Woodlands**  
9:30 a.m. – 12:30 p.m.

**December 10, 2003 – William Green Federal Building**  
9:30 a.m. – 12:30 p.m.

To register or for more information, e-mail Steve Connor at [stephen.connor@irs.gov](mailto:stephen.connor@irs.gov).

## THE E-SERVICES CENTER – THE SITE FOR ALL ELECTRONIC SERVICES

The site for  
all electronic services

**e-SERVICES CENTER**

click here

File returns • Make payments  
Update information • And more

After combining all of the Department of Revenue's electronic services into one site, the new **e-Services Center** is the location for all of the Department's electronic filing services for both Personal Income Tax and Business Taxes. The e-Services Center is available on the Department's Web site, [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

### PA Personal Income Tax e-Services

Personal Income Tax e-Services provide access to all of the Department's electronic services for individuals.

#### Current Services:

- Personal Income Tax Filing (**pa.direct.file**) – Taxpayers can complete their Personal Income Tax return over the Internet and transmit the return directly to the Department.
- Status of Refund – Check the status of the current year Personal Income Tax refund.
- Credit Card Payments – Use American Express, Discover/NOVUS, Mastercard or Visa to pay PA taxes.
- File an Appeal – File a petition or intent to appeal electronically with the Board of Appeals.

#### Services Coming Soon:

- Check the Status of your Return – Review and verify the status of the current year Personal Income Tax return.
- Name and Address Change – Make changes and updates to your Personal Income Tax account.
- Personal Income Tax Payment Services – Make and verify your current year tax return payment, estimated, extension and delinquent payments through Electronic Funds Transfer (EFT).
- Penalty and Interest Calculator – Calculate penalties and interest due.

### PA Business Tax e-Services

Business Tax e-Services provide access to all of the Department's electronic services for *businesses*.

#### Current Services:

- Register Your Business (**Online PA-100**) – Pennsylvania Open for Business allows users to register an enterprise electronically with the Commonwealth in two ways: online interactive interview or an online version of the PA-100 Enterprise Registration Form.
- Credit Card Payments - Use American Express, Discover/NOVUS, Mastercard or Visa to pay PA taxes.
- File an Appeal - File a petition or intent to appeal electronically with the Board of Appeals.
- Business Tax Electronic Filing (**e-TIDES**) – File returns and/or payments for a variety of business taxes and services electronically.
- Electronic Funds Transfer Program (**EFT**) – Electronic Funds Transfer enables taxpayers to remit tax payments electronically.
- Business Tax Electronic Filing (e-TIDES) – File returns and/or payments for a variety of business taxes and services electronically.
- Online Federal Tax Payments – Pay your Federal tax payments online. You can make your payments securely through EFTPS-Online, in addition to using EFTPS personal computer (PC) software or the phone.
- IRS Online Application for EIN – Apply for a Federal Employer Identification Number online.
- PURTA Online – Public Utility Realty Tax Act online filing.

### Online Customer Service Center

Find the answers to questions in the searchable database or submit a question to the customer support staff.

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